

Message Text

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ACTION PM-07

INFO OCT-01 EA-11 ISO-00 NSC-07 SPC-03 SS-20 RSC-01

CIAE-00 INR-10 NSAE-00 IGA-02 AID-20 ABF-01 OMB-01

L-03 EB-11 MC-02 TRSE-00 DRC-01 /101 W

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R 140645Z MAR 74

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 1280

S E C R E T JAKARTA 3186

ATTN PM SEYMOUR WEISS

EO 11652: GDS

TAGS: MASS PFOR US ID

SUBJ: FY 1976-80 SECURITY ASSISTANCE PROGRAM GUIDANCE

REF: A. STATE 048119 B. STATE 048120

C. JAKARTA 2903 D. JAKARTA 2885

1. GIVEN RETENTION OF SECURITY ASSISTANCE PROGRAM
GUIDELINE LINKING AMOUNT OF GRANT MAP TO SIZE OF
INDONESIA'S FOREIGN EXCHANGE RESERVES (REFS A AND B),
I WISH TO ENLARGE ON CONCERNS EXPRESSED REF C THAT
WE SHOULD NOT TIE PROGRAM BASED PRIMARILY ON POLITICAL
RATIONALE TO ECONOMIC INDICATORS.

2. IN REF D ISUGGESTED THAT, IF WE WISH TO MAINTAIN
PRESENT EXCELLENT RELATIONSHIP WITH INDONESIA AND
BENEFITS WHICH FLOW THEREFROM, WE MUST MAKE DECISIONS
AFFECTING MAP, ECONOMIC ASSISTANCE, ETC. AGAINST
BACKGROUND OF LIKELY IMPACT OF TOTALITY OF OUR ACTIONS.
AS WE HAVE ALREADY RECOMMENDED, WE HOPE TO GET
FMS ALLOCATION AS MEANS LESSENING IMPACT ULTIMATE
REDUCTION OF MAP; EMBASSY FULLY RECOGNIZES
DIFFICULTY OF JUSTIFYING CONTINUANCE HIGH MAP LEVEL
IN FACE GROWING INDONESIAN RESERVES. WE BELIEVE

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PACE THIS CHANGE-OVER SHOULD BE GOVERNED BY BROADER

POLITICAL FACTORS AND NOT BY DEGREE TO WHICH RESERVES ARE ACCUMULATED BY INDONESIA. THIS BECOMES PARTICULARLY IMPORTANT IN VIEW INEVITABLE REDUCTION IN ECONOMIC ASSISTANCE.

3. FOR THESE REASONS SUGGEST REGARDING GUIDELINE (6) TO READ: "IN VIEW INDONESIA'S GROWING RESERVES, INTRODUCING FMS COMPONENT IN ORDER PERMIT SHIFT FROM GRANT MAP OVER NEXT FEW YEARS AT PACE AND IN MANNER CONSISTENT OUR POLITICAL OBJECTIVES."

4. PROBLEM OF FORMULATING PROGRAM GUIDELINES IN PRESENT PERIOD OF FLUX IS ALSO REFLECTED IN APPARENT CONTRADICTION BETWEEN NUMBERS 4 AND 6 (PARA 2B, REF B), WITH FORMER CALLING FOR OUR HELPING GOI TO FURTHER ECONOMIC DEVELOPMENT BY RESTRAINING MILITARY EXPENDITURES, AND LATTER CALLING FOR US TO CONSIDER GROWING RESERVES IN RELATION TO GRANT MAP. SUGGEST REVISING (4) TO READ: "WHILE NOT ENCOURAGING SUBSTANTIAL INDONESIAN EXPENDITURES FOR MILITARY EQUIPMENT, WE SHOULD BE PREPARED CONSIDER CASH SALES IF INDONESIAN POLICY MOVES THIS DIRECTION."

5. I INTEND TO INCLUDE CONCERNS NOTED ABOVE IN FINAL MISSION PROGRAM OBJECTIVES MEMORANDUM (POM) RECOMMENDATION.
NEWSOM

NOTE BY OCT: STADIS CAPTION DELETED PER PM/SAS
SEE STATE 056665

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NNN

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